

Medicare Contracting Reform Enactment Milestones

On December 8, 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) was enacted. Section 911 of the Social Security Act (the Act) establishes Medicare Contracting Reform that will be implemented over the next several years. Under this provision, the Centers for Medicare and Medicaid Services (CMS) is to replace the current Medicare Fiscal Intermediaries (FIs) and Carriers, using competitive procedures with new Medicare Administrative Contractors (MACs) by 2011. This legislation allows CMS the opportunity to improve and modernize Medicare Fee-for-Service (FFS) claims processing operations by providing flexibility to CMS and its contractors to work together more effectively and better adapt to changes in the Medicare FFS program.

Highlighted below are some of the significant milestones of the Medicare Contracting Reform legislation:

December 8, 2003: Date of Enactment of Medicare Modernization Act.

October 1, 2004: Secretary of Health and Human Services to submit an implementation plan for Medicare Contracting Reform to Congress and U.S. Government Accountability Office (GAO).

- *February 7, 2005: Report to Congress “Medicare Contracting Reform: CMS’s Plan Has Gaps and It’s Anticipated Savings Are Uncertain” (GAO-05-873) submitted.*

April 1, 2005: GAO to provide its evaluation of the Secretary’s Medicare Contracting Reform implementation plan to Congress.

- *The GAO Report: “Medicare Contracting Reform: CMS’s Plan Has Gaps and It’s Anticipated Savings Are Uncertain” (GAO-05-873) issued on August 17, 2005.*

October 1, 2005: The existing Medicare contracting authorities sunset and the new Medicare administrative contracting authority (section 1874A of the Act) becomes effective. However, any FI or carrier contracts in effect on that date may be continued until they are subjected to competitive bidding. After this date, any new Medicare contracts must be let in accordance with the new authority.

October 1, 2008: Secretary to submit an implementation progress report for Medicare Contracting Reform to Congress.

October 1, 2011: Effectively, FI and carrier contracts must end on this date; all Medicare contract performance periods beginning on or after this date must attach to contracts that were let through competitive procedures using the new authority.